Have we done anything to look at global warming? No, nothing.

Today in Nevada and across the West and, in fact, across the world, really, people are talking about how the weather has changed. In the West, in Nevada, we are concerned about early wildfires burning hundreds of thousands of acres already. New research seems to link these to the change in climate patterns. But has the administration or this Republican Congress taken steps to reduce the risk of global climate change? No. This administration doesn't even acknowledge it exists.

When the documentary ''Inconvenient Truth'' came out, which is a tremendous movie showing the problems we have with global warming—ice caps dropping into the ocean, weather patterns that have changed significantly, and they are documented—when the President was asked if he was going to watch the movie, he said: Doubt it. In a cavalier fashion: I doubt it. No, not ''I doubt it,'' ''Doubt it.''

As I have indicated, they are more than willing to debate pet issues of the far right, such as the definition of marriage—afraid, I guess, of angering their White House or political base by investigating and taking action on global warming.

These are tough issues relating to global warming. We have to do something. It is not going to be easy.

Health care is the same story. Today in Nevada there are almost 450,000 individuals without health insurance; more than 100,000 of them are children. Has this Republican Congress done anything in the last 18 months to help? No. We had Health Week that really wasn't a health week.

We have 23 legislative days remaining and a list of items we need to accomplish that is a mile long. To say we need to get to work is an understatement.

It is my hope that the majority will make time for these important issues before we adjourn. But this afternoon, I want to focus on just two issues that must come to the floor this month: the Voting Rights Act and stem cell legislation.

There is no reason we have not dealt with these issues already. The House passed H.R. 810, the stem cell research bill, more than a year ago. The original timetable for extending the Voting Rights Act was May, the majority leader telling us he would bring the stem cell bill before the Senate came more than a year ago. But here we are with 23 days left, and there is still no specific date set for debate on either issue.

I understand we left for the recess with a stem cell agreement saying we would debate three stem cell measures, but when is not clear. We want to do it this month. That is July, finish the stem cell legislation in July. We can do it. There is 12 hours for each piece of legislation. We can do it in a few days, certainly in a week. We need to do this.

I am told that the Judiciary Committee is going to schedule markup on the voting rights legislation on Thursday. That is good. That is progress. But we need more. We need the majority leader to schedule a specific date in July for each of these issues to come to the floor. Each day these bills are delayed, the majority is withholding hope from the American people.

As to the Voting Rights Act, President Johnson came just a few feet off the Senate floor to the President's Room to sign the Voting Rights Act. People gave their lives, Mr. President, so the Voting Rights Act would pass; they literally gave their lives. I just finished reading a wonderful book called ''At Canaan's Edge'' by Taylor Branch. It is 800 pages all about the last year or two of Dr. King's life and what these people went through to have civil rights legislation passed and the Voting Rights Act passed. Literally, they let their blood. They were beaten, stomped, kicked, shot, stabbed, and killed.

We need to pass this Voting Rights Act. We need to move it on. It is going to expire. We need to pass it now. Reauthorizing it will help ensure that every American citizen has the ability to cast their ballot regardless of the language they speak or the color of their skin or where they live.

This legislation should be above politics and partisanship. It is about living up to our founding creed of equality and justice for all. The Voting Rights Act needs to be extended, and there is no reason for us to wait.

There is no reason for us to wait on stem cell research. Stem cell research holds promise for medical breakthroughs.

I was in church a week ago Sunday. I am not going to mention his name, but he is there every Sunday I go. When we are home in Searchlight, we go to Boulder City to church. He is in a wheelchair. He tapped me on the shoulder. I turned around, and he said: H.R. 810.

It took me a while to think what it was, and then I remembered. He has Parkinson's disease. He has hope that this will help him, as do people who are inflicted with diabetes, Lou Gehrig's disease, and Alzheimer's.

In 23 days we need to do this. This has to be part of our program this month, July: the Voting Rights Act and stem cell legislation.

So I hope my friend, the distinguished majority leader, in scheduling legislation for this month, when we get past the Homeland Security appropriations bill, will go to one of these two bills and then go to the other one and finish them. It will be a good day for the Senate and a really good day for our country.

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business until 3 p.m., with the time equally divided between the two leaders or their designees.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WYDEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WYDEN. Mr. President, I ask unanimous consent to speak in morning business.

The PRESIDENT pro tempore. The Senate is in morning business until the hour of 3 p.m.

Mr. WYDEN. I ask unanimous consent to be recognized.

The PRESIDENT pro tempore. Without objection, it is so ordered.

OIL COMPANY FINANCIAL DATA

Mr. WYDEN. Mr. President, I think we all know that during this part of the session the Senate is going to spend considerable time focusing on energy issues. That is certainly warranted because, if there is one thing that can be agreed on, getting a fresh energy policy is just about the most red, white, and blue step our country can take at this critical time.

During the course of this debate, one issue that is sure to come up is the issue of oil company profits. The oil companies have consistently said that they need these very large profits in order to have the funds to drill and explore for new energy sources. I certainly feel strongly about developing new energy sources and increasing production, but I have been concerned about the role of government. At a time when the oil companies are making record profits and charging record prices, Congress has still been making available record subsidies. To get some clarity on this issue, I believed it was important to get the Congressional Research Service, the independent authority, to look at these issues, to analyze the question of exactly where the oil companies are putting this gusher of revenue they have accumulated recently. The findings in the new report the Congressional Research Service has given to me are striking.

What the Congressional Research Service has found is that the return on equity of the major oil companies has gone up in the last few years six times; the amount of cash reserves of the major oil companies have has gone up, over the same time, about six times; but the amount of money the companies have devoted to exploration and capital investment has only doubled. So what that means, the bottom line, is that the major oil companies are only putting back in the ground a modest fraction of what they have been siphoning away from consumers at the pump across our country.

What I would like to do is break down this report and talk about where I believe Congress ought to go on a bipartisan basis in the years ahead.

On the issue of return on equity, I asked the Congressional Research Service to examine the years of 1999 to present. They found that, with respect to return on equity for the oil companies, it was about 4.5 percent in 1999 and it is nearly 30 percent as of last year. That is an increase of more than six times over the last 6 years. The Congressional Research Service also looked at the cash reserves of the largest oil companies over the last 6 years. They have found that this, as well, has gone up sixfold. So the companies are clearly sitting on gushers of cash from higher oil prices and higher gas prices that consumers are now paying across the country.

I believe it was then appropriate to have the Congressional Research Service analyze what the oil companies are doing with all of this money. Certainly the companies have made the argument that they are investing these profits in exploring for oil and developing new energy technology. That certainly is part of the story, but it is far from the whole picture.

According to the Congressional Research Service, the major oil companies have approximately doubled their exploration costs and their overall capital investment over the past 6 years, but that rate of increase is just a fraction of how much their cash reserves and their return on equity have grown over that period. In addition, Congressional Research Service experts indicate that much of the oil companies' capital investment has been for operating expenses, not for increasing production, and much of what they seem to have invested in exploration has gone for overseas exploration.

Again, you come back to what I think is the clear conclusion of this particular analysis: The American people are seeing the oil companies put back in the ground just a modest part of what the consumer is coughing up at gas pumps across the land.

One of the questions I hope we will ask over this next period of the Senate being in session is, Why are the oil companies not putting some of their burgeoning cash reserves into investment in other technologies, particularly new renewable energy technologies which could help the oil industry diversify and help reduce our Nation's dependence on foreign energy? We ought to examine that issue, and certainly what the Congressional Research Service has done for my office makes a different contribution with respect to this debate and one that I think warrants thorough examination.

The Congressional Research Service looked, for me, at the 10–K reports the oil companies file with the Securities and Exchange Commission. That is the information which Exxon and BP and Shell and Chevron and ConocoPhillips, Valero and Sunoco and Total report to their investors and to Wall Street. But what is in those 10–Ks that are given over to the Securities and Exchange Commission is not the story the oil companies seem to be telling the American people. The oil companies have been running ads in newspapers, claiming that their profits are in line with those of other industries. For example, the American Petroleum Institute has been running a newspaper ad showing the oil and natural gas industry's earnings of 5.9 cents on a dollar of sales, which is just above the 5.6-percent average for all industries. But suffice it to say, how many of the industries listed in these oil company ads are getting the 30-percent rate of return on equity that the Congressional Research Service has found in the report that I make public today?

The oil industry wants the public to believe that the record profits they are making are in line with other businesses, but it seems to me the Congressional Research Service analysis of the oil companies' own reports to the Government tells a very different story. This is particularly important right now because I believe the American people deserve a true accounting of what has been going on behind the numbers at the gas pump and where their hard-earned money has been going for the past several years. The report I release today on oil company financial data shows the oil industry's profits are not only greater than the profits of other businesses, but they also show how the oil companies have not been straight with the American people.

I also think it is timely to have this information about oil company profits because of the debate in both the Senate and in the other body about oil royalty giveaways to the oil industry. At a time of record prices, when oil companies are making record profits that are above what other industries are earning, the question is, Should the oil companies continue to get record subsidies from the taxpayers?

In May, the House of Representatives held a historic vote to put an end to taxpayer-funded royalty giveaways to profitable oil companies. The House of Representatives voted overwhelmingly on a bipartisan basis to put a stop to this waste of taxpayer funds. Just a few weeks before that House vote, I spent nearly 5 hours trying to get a vote here in the Senate on exactly this issue. But despite that extended discussion, I was unable to get an up-or-down vote on my proposal to stop ladling out tens of billions of dollars of unnecessary subsidies to the oil sector.

I believe the Senate ought to have an opportunity to debate and vote on the oil royalty issue, and it seems especially timely after the new report the Congressional Research Service has supplied to me. With the Government Accountability Office estimating that tens of billions of taxpayer dollars could be lost as a result of the oil royalty program, this issue is too important to duck.

Over the next few weeks, as the Senate debates energy, I am hopeful that the Senate will think carefully about the findings of the independent Congressional Research Service. The Congressional Research Service analysis indicates to me that the oil industry in their advertisements and other promotions is not being straight with the American people. The Congressional Research Service has given us a good sense of where the oil sector is actually putting their money, and at a time when their rate of return on equity—30 percent—is certainly very strong and we look at where their cash reserves are—and they are sitting on piles of money—we are not seeing those dollars put back into exploration and development here in our country so we can have a new red, white, and blue energy policy that makes us independent from sources of foreign oil.

Let's work to have a debate in the Senate based on the facts. The Congressional Research Service has now given us illuminating information about what the facts are. Let's make better use of taxpayer dollars than to give away tens of billions of dollars in royalties in a program that began when oil was $19 a barrel and now frequently is well over $70 a barrel. This is a time for the Senate to come together on a bipartisan basis to look at these issues carefully. The Congressional Research Service report provides an opportunity to get the facts out—the real facts—about what is going on in this critical sector of our economy.

I ask unanimous consent that the report of the Congressional Research Service be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL RESEARCH SERVICE,
Washington, DC, July 5, 2006.

MEMORANDUM

To: Hon. RON WYDEN.
Subject: Oil Company Financial Data.
From: Robert Pirog, Specialist in Energy Economics and Policy, Resources, Science, and Industry Division.

This memorandum is written in response to your request for financial data for selected oil companies for the period 1999 to 2005. The companies for which you requested data are ExxonMobil, BP, Shell, Valero, Chevron, ConocoPhillips, Sunoco, and Total SA. The analysis is complicated by reason of mergers and acquisitions among the selected firms, differences in U.S. and international accounting standards, currency exchange rates, differences in the size of the selected companies, and differences in the extent to which the selected companies participate in all aspects of the oil business. The likely effects of these factors will be noted in the appropriate sections of this memorandum.

Profit rates

Profit rates are usually expressed as net income as a percentage of a relevant base; usually revenue, shareholder equity, or assets. Each profit rate provides a different measure of the success of the firm. Profit relative to revenue shows how well the firm translates revenue into net income. Profit relative to shareholder equity shows how effective the firm is in utilizing the capital invested in the firm by its owners, the shareholders. Profit relative to assets shows how effective the firm is in utilizing its total asset base to generate net income.

Table 1 shows the average return on revenue and the return on equity for the eight selected oil companies. The averages are simple averages; they do not assign weights to account for the different sizes of the firms in the group. ExxonMobil, the largest company in the group, has total revenues over ten times as large as Sunoco, the smallest company in the group. However, a weighted average would still not account for the fact that the sample of eight companies is only a fraction of the industry. For example, the Oil and Gas Journal includes over 130 companies in its oil and gas firms' earning report.

TABLE 1. RATES OF RETURN FOR SELECTED OIL COMPANIES

[Percentages]

Year	% Return on revenue	% Return on equity
1999	2.88	4.64
2000	5.79	24.85
2001	5.36	16.67
2002	3.89	8.11
2003	5.23	18.47
2004	6.45	26.18
2005	7.10	29.38

Source: Security and Exchange Commission Forms 10–K and 20–F, Company Financial Reports.

Over the seven year period, the average return on revenue was 5.24 percent, while the average return on equity was 18.32 percent. Both profit measures increased when the recent increases in the price of oil began in 2003. Two of the companies in the data set, Valero and Sunoco, are refiners and marketers with no crude oil production. These two firms were not, therefore, positioned to benefit directly from increases in the price of crude oil.

Cash reserves

Companies might accumulate cash reserves in anticipation of a major merger or acquisition, before a share re-purchase, or before a capital investment expenditure. In the case of the selected oil companies, these reasons might be augmented by the rapid expansion of sales revenues associated with the increases in the prices of crude oil and products from 2003 through 2005. Large investment projects take time to plan and execute, and it may be that the rapidly increasing revenues these firms realized could not be efficiently allocated in the available time.

Both upstream (exploration and production) and downstream (refining and marketing) investments in the oil industry tend to cost billions of dollars and take years to plan, complete, and realize returns from. Investment decisions are based on company estimates of the long-term, expected, price of oil. It may not be that the current market price of oil is equivalent to the companies' long-term expected price of oil. If the long-term planning price of oil is significantly lower than the current market price, it might appear that the companies have not increased investment in capacity to a degree commensurate with increased market prices.

TABLE 2. CASH RESERVES OF SELECTED OIL COMPANIES

[In millions of dollars]

Year	Cash reserves
1999	9,495
2000	27,185
2001	23,875
2002	20,908
2003	24,764
2004	41,323
2005	57,828

Source: Security and Exchange Commission Forms 10–K and 20–F, Company Financial Reports. Note: Shell, Valero, and ConocoPhillips data could not be obtained for 1999. Shell data could not be obtained for 2000.

Table 2 shows that the cash reserves of the selected oil companies have more than doubled from 2001 to 2005, the period of complete data. In 2005, three companies, ExxonMobil, Shell, and Chevron accounted for over 87 percent of the total cash reserves.

Exploration and capital investment

Exploration expenses are undertaken to locate and develop new commercially viable deposits of crude oil and natural gas. Two of the eight companies in the data set, Valero and Sunoco, have no exploration expenses since they operate only in the downstream portion of the industry. Since oil fields deplete over time and production tends to decline, oil producers must carry out a successful exploration program to keep their reserve and production positions constant. However, it cannot be determined from financial data which exploration expenses are ''net'' in the sense of increasing production and reserves, and which are ''gross'', including depletion replacement. As a result, increasing exploration expenses are not necessarily tied to increased production capability or reserves. Most of the firms also report dry hole expenses in exploration. Dry holes do not add to either production capacity or reserves.

Capital investment expenditures were drawn from the companies cash flow statements. These values represent actual outlays made during the year. As a result, the values for capital investment reported in Table 3 represent gross investment, rather than investment net of depreciation. In the current economic environment, it is likely that all investments, new, as, well as those that replace depreciated assets, must pass a profitability test to be undertaken. As a result, gross investment is likely to represent well the companies investment decisions.

TABLE 3. EXPLORATION AND CAPITAL INVESTMENT EXPENDITURES OF SELECTED OIL COMPANIES

[In millions of dollars]

Year	Exploration expense	Capital investment
1999	1,794	32,835
2000	3,114	36,417
2001	3,843	52,798
2002	4,231	55,577
2003	5,018	56,558
2004	5,318	58,304
2005	4,704	68,884

Source: Security and Exchange Commission Forms IO–K and 20–F, Company Financial Reports. Note: Shell and ConocoPhillips exploration data was not available for 1999. ConocoPhillips capital investment data was not available for 1999.

Conclusion

The oil industry operates in a volatile, short run market in which many decisions have long term implications. The upstream portion of the market is increasingly controlled by national oil companies, not private firms. The market is also affected by political forces.

The private oil companies have the responsibility of making decisions in the best interests of their shareholders. However, because their products are important to the functioning of national economies, their decisions are also of interest to the public. This dual responsibility must be balanced by the companies.

Mr. WYDEN. I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BURR). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GREGG. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS ACT, 2007

The PRESIDING OFFICER. Under the previous order, the hour of 3 p.m. having arrived, the Senate will proceed to the immediate consideration of H.R. 5441, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 5441) making appropriations for the Department of Homeland Security for the fiscal year ending September 30th, 2007, for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Appropriations with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Homeland Security for the fiscal year ending September 30, 2007, and for other purposes, namely:

TITLE I

DEPARTMENTAL MANAGEMENT AND OPERATIONS

OFFICE OF THE SECRETARY AND EXECUTIVE MANAGEMENT

For necessary expenses of the Office of the Secretary of Homeland Security, as authorized by section 102 of the Homeland Security Act of 2002 (6 U.S.C. 112), and executive management of the Department of Homeland Security, as authorized by law, $90,122,000: Provided, That not to exceed $40,000 shall be for official reception and representation expenses.

OFFICE OF THE UNDER SECRETARY FOR MANAGEMENT

For necessary expenses of the Office of the Under Secretary for Management, as authorized by sections 701 through 705 of the Homeland Security Act of 2002 (6 U.S.C. 341 through 345), $166,456,000: Provided, That not to exceed $3,000 shall be for official reception and representation expenses: Provided further, That of the total amount provided, $8,206,000 shall remain available until expended solely for the alteration and improvement of facilities, tenant improvements, and relocation costs to consolidate Department headquarters operations.

OFFICE OF THE CHIEF FINANCIAL OFFICER

For necessary expenses of the Office of the Chief Financial Officer, as authorized by section 103 of the Homeland Security Act of 2002 (6 U.S.C. 113), $26,018,000.

OFFICE OF THE CHIEF INFORMATION OFFICER

For necessary expenses of the Office of the Chief Information Officer, as authorized by section 103 of the Homeland Security Act of 2002 (6 U.S.C. 113), and Department-wide technology investments, $306,765,000; of which $79,521,000 shall be available for salaries and expenses; and of which $227,244,000 shall be available for development and acquisition of information technology equipment, software, services, and related activities for the Department of Homeland Security, and for the costs of conversion to narrowband communications, including the cost for operation of the land mobile radio legacy systems, to remain available until expended: Provided, That none of the funds appropriated shall be used to support or supplement the appropriations provided for the United States Visitor and Immigrant Status Indicator Technology